

TOWN OF BROOKHAVEN
INDUSTRIAL DEVELOPMENT AGENCY

MEETING MINUTES

FEBRUARY 15, 2017

MEMBERS PRESENT: Frederick C. Braun, III
Martin Callahan
Michael Kelly
Scott Middleton

EXCUSED MEMBERS: Felix J. Grucci, Jr.
Gary Pollakusky
Ann-Marie Scheidt

ALSO PRESENT: Lisa M. G. Mulligan, Chief Executive Officer
Lori LaPonte, Chief Financial Officer
James M. Tullo, Deputy Director
Annette Eaderesto, IDA Counsel
William Weir, Nixon Peabody, LLP
Terri Alkon, Assistant
Jocelyn Linse, Assistant
Alan Wax, Wax Words, Inc.
Daniel J. Baker, Certilman Balin, Representing Give and Go

Chairman Braun opened the meeting at 8:03 A.M. on Wednesday, February 15, 2017 in the Work Session Room on the Third Floor of Brookhaven Town Hall, One Independence Hill, Farmingville, New York. A quorum was present.

MEETING MINUTES OF JANUARY 11, 2017

The Minutes of January 11, 2017 were previously sent to the Members for review. The motion to approve the Minutes as presented was made by Mr. Kelly and seconded by Mr. Callahan. All were in favor.

CFO'S REPORT

Ms. LaPonte presented the Operating Statement for January 31, 2017. Administrative fees, as well as, closing fees for two projects (\$113,000 from 14 Glover, LLC and \$19,000 from Burmax) were deposited. The usual expenditures were noted. The certificate of deposit at

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Astoria Bank matured and the funds were transferred to the Empire money market account. First-half PILOT collection and disbursements are ongoing. There are currently two outstanding PILOT payments, and two other projects that paid after January 31st have been invoiced for penalties.

There will be a sizeable increase in interest rates when the transfer of accounts to Empire Bank has been completed, from .05% to .5%. Empire will also be providing direct deposit services and the remote deposit scanner at no charge. All bank fees will also be waived. Treasury bills will remain with Greco until they mature, then they will be moved to Empire.

Ms. Eaderesto joined the meeting at 8:11 A.M.

The audit being performed by AVZ is almost complete; AVZ will be asked to provide their report to the Audit Committee and full Board next month. The motion to accept the Operating Statement for January was made by Mr. Kelly, seconded by Mr. Callahan and unanimously approved.

GIVE AND GO – APPLICATION & RESOLUTION

The application and cost benefit analysis for the investment company that is purchasing the Uncle Wally's facility and equipment in Shirley was presented to the Board. A public hearing was not required for this transaction since the benefits are only being transferred. This deal does not include the Uncle Wally's facilities in Islip and the approximately 6 acres of property adjacent to the Shirley building.

Daniel Baker of Certilman Balin who represents Give and Go provided some further information on this transaction which is expected to close Friday. Give and Go, a Canadian company whose parent company is based in Boston, intends to initially lower employment from 186 jobs to 157 jobs in the first year as duplicative jobs are merged, then increase employment to 178 in the second year, 192 in the third year, and anticipate having 208 employees in the fourth year. An automation system is expected to be implemented in approximately one year resulting in \$8 to

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\$10 million in equipment costs. A sales tax exemption will be requested to assist with this system. No mortgage recording tax exemption is being requested at this time.

The motion to accept the application was made by Mr. Kelly and seconded by Mr. Callahan. All were in favor.

The motion to approve the final authorizing resolution was made by Mr. Kelly, seconded by Mr. Callahan and unanimously approved.

GREAT SOUTH BAY DISTILLERY – APPLICATION

Ms. Mulligan presented the application for Great South Bay Distillery. Great South Bay is considering purchasing a blighted piece of property in the Village of Patchogue to manufacture vodka, gin and whiskey. A small tasting room is planned which would be below the retail prohibition threshold. The cost benefit analysis will be prepared and presented at the next meeting. Great South Bay expects this project to cost an estimated \$1.29 million dollars and create 8 full-time jobs and 4 part-time jobs.

Mr. Braun informed the Members that he has learned that a family member will be performing some HVAC or refrigeration work on this project so he will recuse himself from voting on this matter. Mr. Middleton advised that this project involves a former client so he will be recusing himself as well. Since there was not a quorum to vote on this application, it will be deferred until the next meeting.

OVERBAY – AUTHORIZING RESOLUTION

A letter from the Port Jefferson School District received at the public hearing was included in the meeting packets. This rental apartment project is planned for downtown Port Jefferson at a former blighted boatyard. The building on the site is expected to be knocked down this week. Keeping the rental rates reasonable was discussed. Mr. Weir noted that if this was affordable housing the project would be required to report to the IDA annually that they are meeting the affordable housing requirements. While these types of projects don't create permanent jobs, they do create construction jobs and lead to more development in the surrounding area.

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Mr. Middleton informed the Board that the developer on this project is an active client of his law firm so he will need to abstain from any vote on this matter. Agency staff and attorneys will meet to discuss the rent requirements and this matter will be revisited next month. Mr. Braun added that he would like an independent accountant to certify the rental rates for all housing projects on an annual basis.

AARCO / 21 OLD DOCK ROAD – AUTHORIZING RESOLUTION

Ms. Mulligan presented the cost benefit analysis and resolution for Aarco's facility at 21 Old Dock Road. This building is currently off the tax rolls as it is owned by the Job Development Authority who doesn't require PILOTS. Aarco will now pay an estimated \$3,000 in the first year with increase of 10% per year. This building is separate from their other project on Horseblock Road. A public hearing was held and no one attended. This project is expected to close on February 28th.

The motion to approve the resolution was made by Mr. Kelly, seconded by Mr. Callahan and unanimously approved.

EXCEL 6 – ACCEPTING NEW JOB NUMBERS AND APPROVING MORTGAGE

Ms. Mulligan informed the Members that Excel 6's original application stated they would create 48 to 52 jobs. Excel has now said they will create 19 full-time jobs and 4 part-time jobs in year one, and 22 full-time and 5 part-time jobs in year two. The motion to approve the amended job numbers was made by Mr. Kelly and seconded by Mr. Callahan. All were in favor.

Excel 6 is also requesting that the Board authorize mortgage financing. The motion to approve this request was made by Mr. Callahan, seconded by Mr. Kelly and unanimously approved.

CEO'S REPORT

Risk Manager

Meetings are being scheduled with two Risk Managers to review Agency insurance.

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Board Assessments

This matter is being deferred until the next meeting.

Database

Mr. Tullo has been testing databases from SVAM who has an “out of the box” product that is used by Suffolk County IDA to track projects. This product costs \$175 per month per user and the IDA would not own it. CyberNet would build a database that the IDA would own. This topic will be discussed again at a later date.

Innovate Long Island

Innovate Long Island submitted a proposal to advertise the IDA on their website at a cost of \$6,000. The Board declined this offer.

Prevailing Wage

A meeting was held about two weeks ago with some of the local IDAs, Mr. Weir, Ms. Eaderesto, attorneys representing some of the building trades and Town Supervisors in Suffolk County to discuss a prevailing wage provision. Long Island is competing for jobs with other states plus upstate; for this to be enacted on Long Island would put local IDAs at a severe disadvantage. Mr. Weir noted that projects could go to the Job Development Authority (JDA) which is exempt from local zoning, and can grant 100% property tax abatements plus sales tax and mortgage recording tax exemptions. This would drive projects to state agencies that don't require a prevailing wage and all local control would be lost.

LIA Luncheon

The featured speakers at the LIA luncheon on March 10, 2017 are Peyton and Eli Manning. Tickets will be purchased if any Members would like to attend.

Calabro Airport

Ms. Mulligan, Mr. Braun and Mr. Tullo recently met with Martin Hailey who is responsible for running Calabro Airport. The Supervisor has expressed interest in the Agency purchasing the airport from the Town. Mr. Braun noted there are 30 acres there to use for industrial

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development; however, part of the 30 acres is slated for a sewage treatment plant to service the Mastic/Shirley area. Mr. Weir suggested a discussion with the Ontario County IDA who built an airport. The Supervisor suggested a third party perform a feasibility study to see if this is a viable option. More information is being gathered.

The motion to close the IDA meeting at 9:32 A.M. was made by Mr. Kelly and seconded by Mr. Callahan. All were in favor.

The next IDA meeting is scheduled for Wednesday, March 15, 2017.